

# THE ECONOMY

*This section examines the evolving nature of the city and county's economy and its relationship to comprehensive planning. It considers the area's labor resources and economic strengths for sustaining long term growth and development. The section also provides a vision for guiding the emergence of a local economic future that meets the challenges of the twenty first century.*



## GUIDING PRINCIPLES

- ✧ The community's primary focus for economic development should be retention and expansion of existing businesses — the key to Lincoln's job growth. (The greatest job growth in Lincoln is from existing businesses expanding.) In addition, attracting new businesses should be encouraged.
- ✧ Downtown is the heart of the City. A strong Downtown is important to the economic future of the community. Its role in the community is unique as the home of state government, the State Capitol Building and the flagship campus of the University of Nebraska. Together with Antelope Valley and the surrounding neighborhoods, Downtown forms a vital core for the City.
- ✧ The City should work with developers interested in providing new industrial and office development sites. These sites are important for new companies to come to town and to help existing businesses relocate within Lincoln.
- ✧ The City should emphasize the following in order to encourage economic development in the community:
  - ◆ The creation of office sites is an important aspect of job growth for the community.
  - ◆ Education and affordable housing are very important to employers considering Lincoln. (Employers want to be sure their employees will be able to afford homes in the community and that there is a well educated work force.)
  - ◆ Entertainment and recreational facilities are important to retain and attract young professionals. Outdoor recreational opportunities should be maximized through parks and trails.
  - ◆ A new Downtown Arena and Convention Center is important to the future of the community and should be pursued in the near term, in the Downtown/Haymarket area.
  - ◆ Economic development incentives should be offered for Primary jobs. (Primary employers means where 50% of the end product sales or services of a business occur outside Lancaster County.)



- ◆ The success of the University's research and development is important to the future of the city. The City and private sector should continue to support UNL's efforts to obtain grants for research.
- ✧ A number of planning activities are presently underway to consider the long term planning implications of development along the I-80 corridor between Lincoln and Omaha. This Comprehensive Plan generally supports these efforts and encourages further dialogue among the many communities and jurisdictions within this area.
- ✧ Capitalize on Public Infrastructure Investments – The community should seek to efficiently utilize the community's investments in existing and future public infrastructure (i.e., Homestead Expressway, Antelope Valley, Beltways) to advance economic development opportunities.
- ✧ The City of Lincoln and Lancaster County promote and foster appropriate, balanced, and focused future economic growth that maintains the quality of life features the community values and seeks to protect. The City and County will actively pursue economic development with an emphasis on household sustaining jobs.
- ✧ The community actively encourages public-private partnerships, strategic alliances and collaborative efforts (such as the Lincoln Partnership for Economic Development and the UN Technology Park including all relevant partners such as the University of Nebraska, City of Lincoln, Lancaster County, the Lincoln Chamber of Commerce, Lincoln Independent Business Association, small business representation, and Lincoln's working men and women) as a means to accomplish its future economic objectives.
- ✧ Lincoln has traditionally been known as a government/college town; a small city with a small town feel. Its future as a growing metropolitan area is dependent on the ability to retain and attract a wide array of traditional and knowledge-based industries and to continue to diversify our economic base. While the community intends to emphasize these industries, the goal will remain to provide the citizens of Lincoln and Lancaster County with jobs and careers that sustain families and their future.
- ✧ The City and County will foster responsible land use and development through the timely provision of infrastructure and transportation system improvements, while at the same time maintaining the environmental values and stewardship they wish to sustain.
- ✧ The community also understands that establishing a regional partnership that includes all of southeastern Nebraska—including Omaha, Lincoln, Lancaster County and surrounding communities—will strengthen the entire region economically.

## FUTURE LOCATIONAL AND LAND USE CONSIDERATIONS

The location of jobs can change as technology, product mix, and industrial organization change. Technology can be important to this process since it can alter the nature and mix of inputs, including type and quantity of needed labor materials, energy, land, information and buildings. As these inputs change, optimal locations also change.

The following offers a description of the primary target businesses for marketing and attraction purposes and locational considerations of companies and other business which are important for Lincoln and Lancaster County.

## THE PRIMARY TARGET BUSINESSES FOR MARKETING PURPOSES AND ATTRACTION

- ◆ **Biotechnology:** need to focus on retention and expansion of existing local companies and start-up companies, particularly those utilizing UNL technologies. The national market has numerous empty facilities and many jobs going overseas.
- ◆ **Value Added Agriculture:** Primary interest is in existing space that is USDA approved. Food research at UNL is vital to attracting and retaining these industries to Lincoln. Category could include renewable energy development, such as ethanol plants, though these plants are primarily locating outside Lancaster County. Local and county government should encourage new locations.
- ◆ **Specialty Electronics:** Interested in smaller, existing space and mostly likely interested in buying land or existing space. Expanding or using the Foreign Trade Zone in Airpark area holds promise for this type of use and should be examined with the Airport Authority.
- ◆ **Technical Customer Support:** Often interested in retrofitting large vacant retail space (such as former grocery or discount stores). Interest in this category is returning after years of customer support jobs being sent overseas. New sites would be primarily smaller office space of 5 to 20 acres.
- ◆ **Logistics/Distribution/ Warehouse:** Growing industry, often asking for 100 to 200 acre sites. Often ask for land area that is double their need to address concerns about use of adjacent land. Want land adjacent or with easy access to Interstate 80.
- ◆ **Insurance and Financial Services:** The success with job expansion of several local insurance companies point out the attractiveness of Lincoln. (The State of Nebraska state statutes and taxation policies provide a competitive advantage for the state for insurance companies, as witnessed by several out of state companies also locating in Nebraska.) Insurance companies are looking for mostly suburban office park locations, of 10 to 50 acres, but will also consider Downtown sites.
- ◆ **Entrepreneurship:** Lincoln has benefitted from entrepreneurs starting new businesses which have grown rapidly adding many jobs to the economy. More should be done to encourage entrepreneurs, to encourage efforts to utilize technology from UNL in the marketplace, and to promote entrepreneur education at UNL and Southeast Community College and other educational institutions at all levels.



## BUSINESS LOCATIONS CONSIDERATIONS AND STRATEGIES

The Comprehensive Plan currently identifies several larger sites for warehouse uses along I-80 at N. W. 48th Street and at N. 56th Street (Highway 77). Ultimately, the City may have to find a few new large warehouse sites, if the current sites are converted in the long term to residential, smaller warehouse sites or other uses.

Lincoln has had more success in attracting office users to Lincoln than any other employer type. Office sites are very important to job growth for the community and more offices sites need to be developed over time. Office sites should be located in all areas of Lincoln. Sites identified in the Downtown Master Plan should be considered as locations for attracting new and expanding office employers. Office uses want to be near retail and residential areas and need services such as restaurants and services in close proximity.

Industrial sites should be focused on the beltway (I-80, Highway 77, South and East Beltways). Highway 77, the “West Beltway” has potential for industrial sites. The South Beltway will probably be more attractive for office and retail development, because it will develop far before the East Beltway. Without the East Beltway connection to Interstate 80, the South Beltway is not as attractive for industrial. Ultimately the East Beltway will be a good location for industrial. The

City should encourage the State to adopt this project and get it built sooner. The intersection of the West and South Beltway might be a good location for industrial sites in the future.

The Downtown/ Antelope Valley area would benefit by having a single large 10 to 15 acre site to show major corporate office users. Adequate and affordable parking is a key to companies locating or expanding in the Downtown.

The West Haymarket offers a tremendous potential addition to the Downtown and should be pursued . In addition, the State Fair Park property could be future economic development site, if the Fair is relocated.

A new Downtown Arena and Convention Center is important to the future of the community and should be built as soon as possible. The City should think long term and build an arena with at least 15,000 seats. There are plenty of events and conventions that would consider Lincoln if we had a better arena. There has already been private sector interest in a new hotel and 60,000 sq. ft. of convention center space if a new arena were built.

Design standards or zoning overlays in the Downtown and Antelope Valley area should be implemented very soon. Design standards and overlay districts are tools that can encourage investment by providing some assurance of the quality of surrounding development.

A public entity or public/private partnership will probably be necessary to acquire and hold property in the Downtown/ Antelope Valley area for future development. Site acquisition and consolidation is key for some development projects.

Expansion of UNL research facilities on campus by the Beadle Center in Antelope Valley also provides an opportunity to retain students in the community and to attract private employers. Collaborations and interaction between the City, local



businesses and UNL should continue. The University Tech Park is a great result of these partnerships, and interactions between UNL and the business community should expand.

Office uses want to be near retail and residential areas and need services such as restaurants and services in close proximity.

The new Airpark Rail Center, operated by the Airport Authority, offers a significant opportunity for companies needing rail and truck access.

Companies emerging from a “home-based office” configuration often move to an “office suites” facility with centralized administrative support. Fast expanding companies may require flexible space and lease terms to accommodate their rapid growth. Such businesses often want locations in close proximity to others in their industry or industry cluster, particularly in the soft information/technology groups. One-stop small business information, tools, and assistance can be invaluable to entrepreneurs. Access and proximity to university resources can be extremely important.

## POTENTIAL LARGE EMPLOYER OPPORTUNITY AREAS

The Plan designates several sites outside the 2030 Future Service Limit as “Large Employer Opportunity Areas.” The purpose of these sites is to provide a “second tier” of potential sites for large “primary” employers to consider, if for some reason potential sites within the Future Service Limit are unsuitable. These second tier sites currently have limited infrastructure, however, some employers may find them desirable due to their large size, highway visibility (present or future) and low land costs. All economic development efforts should focus on land within the future service limit, which are the most viable sites, however, these Opportunity Areas can potentially provide a secondary option if needed for a large primary employer.



Initially, not all of the Opportunity Areas are viable locations, since many are remote from the city limits and infrastructure. Only the two sites in the northwest may be possible to serve in the near term, while the others are longer term possibilities. A selected site would develop only if annexed by the City after a decision to amend the infrastructure plans to provide service. Ultimately, it is possible these areas may not develop at all during the 2030 planning period.

The “Potential Large Employer Opportunity Areas” would not be supplied with infrastructure initially, which would help hold down land costs, making them more attractive for large employers. However, the City should identify the infrastructure needs to serve the sites within 18 months, so that if a large employer did select this site, the City would be in a position to react more quickly to the needs. Providing infrastructure to these sites would impact the City’s Capital Improvement Program, potentially requiring other projects to be delayed or rate increases to fund additional projects.

There are two “Potential Large Employer Opportunity Areas” along Highway 34 which could be possibly served in the next two years. A third site on N. 98th, between Fletcher and Havelock Ave (undeveloped land formerly owned by I. B. M.) may also have potential in the near term, but is not served with infrastructure today. A fourth site on S. 38th Street, south of the South Beltway, will not be available until after 2014 – the projected opening date of the beltway.

## **STRATEGIES FOR PUBLIC ROLE IN ECONOMIC DEVELOPMENT**

- ♦ New Market Tax Credits (NMTC) provide a new tool to support development projects in specifically designated areas. NMTC is a federal program for designated low and moderate income areas in which projects can earn up to a 39% tax credit over six years. The City should encourage and pursue their use.
- ♦ A “one stop” area should be developed where you can find information on entrepreneurs, venture capital and research – small businesses need a focal point, one place to go for information and assistance.
- ♦ Incentives should be offered for “primary” employers – that is for companies where the majority of their business and sales come from outside Lancaster County. The City should develop a policy on the use of incentives, such as Tax Increment Financing, for primary employers.
- ♦ The City can play an important role in consolidating properties into larger and more desirable development parcels. The use of eminent domain may be necessary in order to assemble property. The City should do a better job of explaining how the process works to the public and property owners.
- ♦ The City should not need to waive design standards to attract companies. Good developers will fit the local standards. Developers want a quality project. (Employers want a quality working environment.)
- ♦ Government regulations should be reviewed for their impact on existing businesses and their potential for expansion and retention.
- ♦ Continue to coordinate the City’s Economic Development efforts with the Lincoln Partnership for Economic Development (LPED) and UNL.
- ♦ Utilize LES technology infrastructure as an economic development tool.
- ♦ Extending new water and wastewater lines and providing infrastructure to new growth areas is important to job growth. In addition, arterial streets are important to job growth. Lincoln needs to not only catch up on arterial street funding, but begin to build in advance which helps attract companies to a site.
- ♦ The City and LPED should continue to work together to maintain an inventory of potential economic development sites and their current status in terms of planning and infrastructure.
- ♦ The City or LPED should not develop and hold speculative sites – they should not compete with the private sector. However, both should support efforts by the private sector to develop sites, including marketing sites and city funding of infrastructure improvements.

## FUTURE EMPLOYMENT BASE

Robust growth in the city and county's employment base is envisioned to occur during the 25 year time horizon of the Comprehensive Plan. On an overall basis, the community's employment is anticipated to grow at a rate of over two percent per year during the planning period. Employment in the industrial sectors such as manufacturing, construction, Transportation, Communications, and Utilities (TCU), and wholesale trade are considered the more rapidly growing sectors in terms of percentage increases. Growth in these sectors will occur at a pace approaching 2.5 percent per year. These employment sectors tend to drive the need for siting and supporting additional industrial land throughout the community.

Employment expansion in the retail, Finance, Insurance, and Real Estate (FIRE), and services sectors are also expected to post significant increases during this period, with annualized growth rates of around 2.0 percent. Government expansion will lag behind all employment sectors with a more modest expansion rate of around 1.5 percent. In combination these employment sectors are generally tied to the use and expansions of retailing complexes, office buildings, business parks, and service centers.